

FISCAL NOTE

HB 3237 - SB 3220

February 21, 2004

SUMMARY OF BILL: Requires Blue Cross Blue Shield to permit TennCare participating hospitals to become contracted providers included in any state employee plan if the hospital agrees to terms comparable to those agreed to by other network hospitals. If Blue Cross Blue Shield does not adhere to the *any willing provider* provision it will not be eligible to administer the state employee health plan.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$100,000

Increase Local Govt Expenditures - Exceeds \$100,000*

Estimate assumes:

- Blue Cross Blue Shield will adhere to the bill's requirements rather than lose the state contract.
- An increase in state expenditures as the result of requiring health insurance companies that participate in the state employee health insurance plan to include in their provider networks all hospitals participating in TennCare.
- Companies that manage the state employee plan and other plans assemble adequate networks and utilize volume to obtain discounts that benefit the state plan and other insured groups. This requirement would result in a loss of discounts and higher prices paid for hospital services by the companies that manage the state employee network.
- The amount of the increase in state expenditures cannot be determined but is estimated to exceed \$100,000. The total projected program cost is \$444 million for 2004. A one-half percent increase represents over \$2,000,000 additional cost to be shared by state government and employees.
- The state plan also manages the local government plan that would also be impacted because it utilizes the same networks. The amount of increase cannot be determined but is estimated to exceed \$100,000.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

HB 3237 - SB 3220